

**AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND  
THE GOVERNMENT OF THE REPUBLIC OF PALAU  
TO AMEND THE AGREEMENT BETWEEN THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF  
THE REPUBLIC OF PALAU FOLLOWING THE COMPACT OF FREE  
ASSOCIATION SECTION 432 REVIEW**

The Government of the United States of America and the Government of the Republic of Palau hereby agree to amend the Agreement between the Government of the United States of America and the Government of the Republic of Palau Following the Compact of Free Association Section 432 Review, signed at Honolulu on September 3, 2010 (the "Compact Review Agreement") as follows:

**Section 1 is replaced in its entirety by the following:**

"The Government of the United States of America (the "Government of the United States") shall contribute \$65.25 million to the Fund referred to in Section 211(f) of the Compact in accordance with the following schedule: \$65.25 million as soon as practicable following the entry into force of this Agreement as hereby amended."

**Section 2(a) is replaced in its entirety by the following:**

"The Government of the United States shall provide a grant of \$2 million annually from Fiscal Year 2018, or as soon as practicable following this Agreement's entry into force, through Fiscal Year 2024 to create a trust fund (the "Infrastructure Maintenance Fund") to be used for the routine and periodic maintenance of major capital improvement projects financed by funds provided by the Government of the United States. The Government of the Republic of Palau (the "Government of Palau") will match the contributions made by the Government of the United States by making contributions of: \$150,000 to the Infrastructure Maintenance Fund on a quarterly basis from the beginning of Fiscal Year 2019 through Fiscal Year 2024. Implementation of this subsection shall be carried out in accordance with the provision of Appendix A to this agreement."

**Section 3 is replaced in its entirety by the following:**

“The Government of the United States shall provide the Government of Palau with no funds for deposit in an interest bearing account to be used to reduce government payment arrears of Palau.”

**Section 4(a) is replaced in its entirety by the following:**

“In addition to the \$107.644 million in economic assistance provided to the Government of Palau by the Government of the United States in Fiscal Years 2010 through 2018, and unless otherwise specified in this Agreement, as amended, or in an Appendix to this Agreement, the Government of the United States shall provide the Government of Palau with \$22.106 million as follows: \$22.106 in Fiscal Year 2018, or as soon as practicable following this Agreement’s entry into force.”

**Section 4(b) is replaced in its entirety by the following:**

“With respect to Fiscal Years 2018 through 2023, and except as otherwise agreed by the Government of the United States and the Government of Palau, the Government of Palau agrees not to exceed the annual Section 211(f) Fund distributions established in the provisions of Compact section 211(f) and the Agreement Between the Government of the United States and the Government of Palau Regarding Economic Assistance Concluded Pursuant to Section 211(f) of the Compact of Free Association.”

**Section 5 is replaced in its entirety by the following:**

“The Government of the United States shall make available \$20 million as soon as practicable following the entry into force of this Agreement, as amended, for grants to the Government of Palau for one or more mutually agreed upon infrastructure projects in accordance with the provisions of Appendix C to this Agreement, as amended.”

This Agreement shall enter into force on the date the Compact Review Agreement enters into force.

This Agreement shall remain in full force and effect until terminated by mutual written consent, or until termination of the Compact Review Agreement, whichever occurs first.

IN WITNESS THEREOF, the undersigned, duly authorized by their respective governments, have signed this Agreement.

Done at Koror on 19 September, 2018, in duplicate, in the English language.

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE  
REPUBLIC OF PALAU:

 